



Guide to the CARES Act: Direct Payments to Individuals and Families

Thousands of New Jersey workers and families are suffering as a result of the drastic, but vital social distancing measures we must take to prevent the spread of the coronavirus and ultimately save lives. Direct payments will help working families weather this storm, and while there's more to do, Democrats successfully fought to ensure low-income Americans aren't shortchanged in the middle of a national crisis.

How will the CARES Act help New Jersey's workers and families?

- **Direct payments to 80% of New Jersey Families.** Over 92% of single tax filers and eight-in-ten joint-filers in New Jersey will receive payments up to \$1,200 for individuals earning less than \$75,000 and \$2,400 for couples earning less than \$150,000, plus \$500 per child.
- **Expanded Unemployment Insurance.** Increases the maximum unemployment benefit amount by \$600 per week above one's base unemployment compensation benefit through July and ensures that workers who are laid-off or out of work will receive, on average, close to their full pay for four months. It ensures that workers are protected whether they work for businesses small, medium or large, along with the self-employed independent contractors and workers in the gig economy.
- **Fee Waiver for Withdrawal of Retirement Funds.** Waives the additional 10% tax on early distributions from IRAs and defined contribution plans (such as 401(k) plans) in the case of coronavirus-eligible distributions up to \$100,000, and may be re-contributed to the plan or IRA. Additionally, defined contribution plans are permitted to allow plan loans up to \$100,000 and repayment of plan loans is extended for employees who are affected by the coronavirus.

DIRECT PAYMENTS TO INDIVIDUALS & FAMILIES

Who qualifies to receive a check and how much will an individual receive?

Anyone who filed a tax return this year or last year. Single and head of household tax filers will receive up to \$1,200 and married couples filing joint returns will receive up to \$2,400. An additional payment of \$500 will be added to the payment for every dependent child under the age of 17. A family of four could receive \$3,400.

How do I know if I will get the full amount?

It depends on income. Single adults with Social Security numbers who have an adjusted gross income of \$75,000 or less will get the full amount. Married couples with no children earning \$150,000

or less will receive a total of \$2,400. And taxpayers filing as head of household will get the full payment if they earned \$112,500 or less.

Above those income figures, the payment decreases until it stops altogether for single people earning \$99,000 or married people who have no children and earn \$198,000.

In any given family and in most instances, everyone must have a valid Social Security number in order to be eligible. There is an exception for members of the military.

Your adjusted gross income can be found on Line 8b of the 2019 1040 federal tax return.

How many payments will there be?

Right now, just one. Future bills could order up additional payments, though.

Will Social Security recipients receive direct payments?

Yes, Social Security recipients (including retirement & disability) will receive the full amount they are entitled to whether they have filed a tax return or not. The government will send a direct deposit or check using the information from an individual's Form SSA-1099 Social Security Benefit Statement or Form RRB-1099 Social Security Equivalent Benefit Statement. However, those receiving Supplemental Security Insurance (SSI) do need to file their tax return for either tax year 2018 or 2019 in order to receive a payment.

How do I claim my check?

If you've filed a tax return this year or last year, you don't need to do anything. The IRS will send payments automatically to direct deposit or to the address provided on the last tax return submitted.

How long will it take for this check to be delivered?

Money sent via direct deposit will take a few weeks. Rebates sent via checks may take a few months.

Will I be taxed on this check?

No, rebates are not taxable.

What if someone filed extensions, or hasn't filed, for 2018 or 2019? Will they get direct payments? If not, what are the next steps?

As of now, Senator Menendez recommends that they file a return for either 2018 or 2019 to ensure they receive a direct payment. The best way to get your check quickly is to ensure that you filed a tax return for either tax year 2018 (filed by April 2019) or 2019 (file by July 15).

Will I be eligible if I have a lien against me, but I am in non-collect status?

Yes. Rebates will not be subject to garnishment, except if back child support is owed.

I withdrew my retirement in 2018- so my income that year was inflated. Is there any waiver for one-time sources of income?

In this case, you should file a 2019 tax return.

I'm a college student. Do I get a check?

If your parents claim you as a dependent on their taxes, you're ineligible. But if you've been working and filing taxes independently in recent years, you may qualify

If someone receives their direct payment based on their 2018 filing, and then file their 2019 taxes (showing an increase in income), will they have to pay back anything?

No. The payment will be based on the most beneficial year for the taxpayers. So if qualify for a full payment one year but earn more and phase out in a different year, you would still be entitled to the full payment.